

House File 612

H-1439

1 Amend House File 612 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <Section 1. Section 8.57, subsection 5, paragraph f,
5 subparagraph (1), Code 2017, is amended by adding the following
6 new subparagraph division:

7 NEW SUBPARAGRAPH DIVISION. (0c) (i) For each fiscal year
8 of the period beginning July 1, 2020, and ending June 30, 2029,
9 of the wagering tax receipts received pursuant to sections
10 99D.17 and 99F.11, the next fifteen million dollars shall be
11 deposited in the water quality infrastructure fund created in
12 section 8.57B.

13 (ii) Notwithstanding subparagraph subdivision (i), this
14 subparagraph division (0c) is repealed on one of the following
15 dates, whichever is earlier:

16 (A) On July 1 following the enactment date that the tax
17 rate for the sales tax imposed upon the retail sales price of
18 tangible personal property and the furnishing of enumerated
19 services sold in this state in effect on July 1, 2016, is
20 increased.

21 (B) On July 1, 2029.

22 Sec. 2. Section 8.57, subsection 5, paragraph f,
23 subparagraph (1), subparagraph division (d), Code 2017, is
24 amended to read as follows:

25 (d) For the fiscal year beginning July 1, 2013, and for
26 each fiscal year thereafter, the total moneys in excess of the
27 moneys deposited under this paragraph "f" in the revenue bonds
28 debt service fund, the revenue bonds federal subsidy holdback
29 fund, the vision Iowa fund, the water quality infrastructure
30 fund, and the Iowa skilled worker and job creation fund shall
31 be deposited in the rebuild Iowa infrastructure fund and shall
32 be used as provided in [this section](#), notwithstanding section
33 8.60.

34 Sec. 3. NEW SECTION. 8.57B Water quality infrastructure
35 fund — creation — appropriations.

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1 1. A water quality infrastructure fund is created within
2 the division of soil conservation and water quality of the
3 department of agriculture and land stewardship. The fund
4 shall consist of moneys transferred pursuant to section 8.57,
5 subsection 5, paragraph "f", subparagraph (1), subparagraph
6 division (0c), moneys transferred to the fund pursuant to
7 section 423G.6, and appropriations made to the fund and
8 transfers of interest, earnings, and moneys from other funds
9 as provided by law.

10 2. The fund shall be separate from the general fund of the
11 state and the balance in the fund shall not be considered part
12 of the balance of the general fund of the state. However, the
13 fund shall be considered a special account for the purposes
14 of section 8.53, relating to generally accepted accounting
15 principles.

16 3. Moneys in the fund are appropriated to the division
17 of soil conservation and water quality of the department of
18 agriculture and land stewardship for the exclusive purpose of
19 supporting water quality agriculture infrastructure programs
20 created in section 466B.43.

21 4. Notwithstanding section 8.33, moneys in the fund
22 that remain unencumbered or unobligated at the close of a
23 fiscal year shall not revert but shall remain available for
24 expenditure for the purposes designated. Notwithstanding
25 section 12C.7, subsection 2, interest or earnings on moneys in
26 the fund shall be credited to the fund.

27 Sec. 4. Section 16.134, Code 2017, is amended to read as
28 follows:

29 **16.134 Wastewater and drinking water treatment financial**
30 **assistance program.**

31 1. The Iowa finance authority shall establish and
32 administer a wastewater and drinking water treatment financial
33 assistance program. The purpose of the program shall be to
34 provide financial assistance to enhance water quality. The
35 program shall be administered in accordance with rules adopted

1 by the authority pursuant to [chapter 17A](#). For purposes of
2 this section, "program" means the wastewater and drinking water
3 treatment financial assistance program and "committee" means the
4 water quality financing review committee created in subsection
5 9.

6 2. A wastewater and drinking water treatment financial
7 assistance fund is created and shall consist of appropriations
8 made to the fund and transfers of interest, earnings, and
9 moneys from other funds as provided by law. Moneys transferred
10 to the fund pursuant to section 16.134A are appropriated to the
11 authority for purposes of the program. Moneys in the fund are
12 not subject to [section 8.33](#). Notwithstanding [section 12C.7](#),
13 subsection 2, interest or earnings on moneys in the fund shall
14 be credited to the fund.

15 3. Financial assistance under the program shall be used
16 to install or upgrade wastewater treatment facilities and
17 systems and drinking water treatment facilities and systems,
18 including source water protection projects, and for engineering
19 or technical assistance for facility planning and design.

20 4. The authority committee shall ~~distribute~~ approve
21 financial assistance ~~in~~ from the fund in accordance with the
22 following:

23 ~~a. The goal of the program shall be to base awards on the~~
24 ~~impact of the grant combined with other sources of financing to~~
25 ~~ensure that sewer rates do not exceed one and one-half percent~~
26 ~~of a community's median household income.~~

27 ~~b. a. Communities shall be eligible for financial~~
28 ~~assistance by qualifying as~~ Priority shall be given for
29 projects in which a disadvantaged community ~~and~~ is seeking
30 financial assistance for the installation or upgrade of
31 wastewater treatment facilities ~~due to regulatory activity~~
32 ~~by the department of natural resources~~ and drinking water
33 treatment facilities. For purposes of [this section](#), the term
34 "disadvantaged community" means the same as defined by the
35 department.

1 ~~e.~~ b. Priority shall be given to projects ~~in which the~~
2 meeting criteria established in section 455B.199B in which the
3 applicant seeks financial assistance is to be used to obtain
4 with financing under the water pollution control works and
5 drinking water facilities financing program pursuant to section
6 16.131 or other federal, ~~or state,~~ or private financing.

7 ~~d.~~ c. Priority shall also be given to projects whose
8 completion will provide significant improvement to water
9 quality in the relevant watershed.

10 ~~e.~~ d. Priority shall also be given to communities that
11 employ an alternative wastewater treatment technology pursuant
12 to section 455B.199C.

13 ~~f.~~ e. Priority shall ~~be also be~~ given to those communities
14 where sewer or water rates are the highest as a percentage of
15 that community's median household income.

16 f. Priority shall also be given to communities that employ
17 technology to address the latest version of the "Iowa Nutrient
18 Reduction Strategy" initially presented in November 2012 by the
19 department of agriculture and land stewardship, the department
20 of natural resources, and Iowa state university of science and
21 technology.

22 g. Financial assistance in the form of grants shall be
23 issued on an annual basis.

24 h. An applicant shall not receive a grant that exceeds five
25 hundred thousand dollars.

26 4A. A utility management organization formed under chapter
27 28E or operated by a rural water system organized under chapter
28 357A or chapter 504 shall be considered eligible for financial
29 assistance under the program.

30 5. The authority in cooperation with the department of
31 natural resources shall ~~share~~ provide information and resources
32 to the committee when the committee is determining the
33 qualifications of a community for financial assistance from the
34 fund.

35 6. The authority shall enter into agreements with financial

1 assistance recipients and distribute moneys under the program
2 pursuant to financial assistance determinations made by the
3 committee. The authority may use an amount of not more than
4 ~~four~~ one percent of any moneys appropriated for deposit in the
5 fund for administration purposes.

6 7. By October 1 of each year, the authority shall submit
7 a report to the governor and the general assembly itemizing
8 expenditures under the program during the previous fiscal year,
9 if any.

10 8. a. Beginning September 1, 2027, and every ten years
11 thereafter, a program review committee is established for
12 purposes of reviewing the wastewater and drinking water
13 treatment financial assistance program. By December 1 of the
14 same year, the program review committee shall file a report
15 with the governor and the general assembly that reviews the
16 effectiveness of the program during the prior ten fiscal years.

17 b. The program review committee shall consist of the
18 following members:

19 (1) The governor or the governor's designee.

20 (2) The secretary of agriculture or the secretary's
21 designee.

22 (3) The executive director of the authority or the executive
23 director's designee.

24 (4) The director of the department of natural resources or
25 the director's designee.

26 (5) Four members of the general assembly, with two from the
27 senate and two from the house of representatives and not more
28 than one member from each chamber being from the same political
29 party. The two senators shall be designated one member each
30 by the president of the senate, after consultation with the
31 majority leader of the senate, and by the minority leader of
32 the senate. The two representatives shall be designated one
33 member each by the speaker of the house of representatives,
34 after consultation with the majority leader of the house of
35 representatives, and by the minority leader of the house of

1 representatives.

2 c. Staffing services shall be provided by the authority.

3 9. a. A water quality financing review committee is
4 created consisting of the secretary of agriculture or the
5 secretary's designee, the executive director of the authority
6 or the executive director's designee, and the director of the
7 department of natural resources or the director's designee.

8 b. The committee shall review and approve or deny
9 applications for financial assistance under the wastewater
10 and drinking water treatment financial assistance program
11 established in this section.

12 Sec. 5. NEW SECTION. 16.134A Water quality financial
13 assistance fund.

14 1. A water quality financial assistance fund is created in
15 the state treasury as a revolving fund.

16 2. The fund shall consist of all of the following:

17 a. (1) Moneys transferred to the fund pursuant to section
18 423G.6.

19 (2) This paragraph "a" is repealed on January 1, 2030.

20 b. Appropriations made to the fund and transfers of
21 interest, earnings, and moneys from other funds as provided by
22 law.

23 3. For each fiscal year in the fiscal period beginning
24 July 1, 2018, and ending June 30, 2029, there is appropriated
25 the following percentages of the balance of the fund for the
26 following purposes:

27 a. Forty percent to the Iowa finance authority to support
28 the wastewater and drinking water treatment financial
29 assistance program created in section 16.134.

30 b. Forty-five percent to the Iowa finance authority to be
31 credited to the water quality financing program fund created
32 pursuant to section 16.144.

33 c. Fifteen percent to the division of soil conservation
34 and water quality of the department of agriculture and land
35 stewardship to support the water quality urban infrastructure

1 program created in section 466B.44.

2 4. Moneys in the fund are not subject to section 8.33.
3 Notwithstanding section 12C.7, subsection 2, interest or
4 earnings on moneys in the fund shall be credited to the fund.

5 Sec. 6. NEW SECTION. 16.142 **Definitions.**

6 As used in this part, unless the context otherwise requires:

7 1. "*Cost*" means all costs, charges, expenses, or other
8 indebtedness incurred by a loan recipient and determined by
9 the authority as reasonable and necessary for carrying out
10 all works and undertakings necessary or incidental to the
11 accomplishment of any project.

12 2. "*Eligible entity*" means a municipality or a landowner,
13 as determined by the authority, a public utility as defined
14 in section 476.1, or a rural water district or rural water
15 association as defined in section 357A.1.

16 3. "*Loan recipient*" means an eligible entity that has
17 received a loan under the program.

18 4. "*Municipality*" means a governmental body such as a state
19 agency or a political subdivision of the state. Municipality
20 includes but is not limited to a city, city utility, county,
21 soil and water conservation district, sanitary district, a
22 subdistrict of any of the foregoing districts, a state agency,
23 or other governmental body or corporation empowered to provide
24 sewage collection and treatment services or drinking water, or
25 any entity jointly exercising governmental powers pursuant to
26 chapter 28E or 28F, or any other combination of two or more
27 governmental bodies or corporations acting jointly under the
28 laws of this state in connection with a project.

29 5. "*Program*" means the water quality financing program
30 created in this part.

31 6. "*Project*" means any combination of improvements,
32 structures, developments, tasks, actions, constructions,
33 modifications, operations, or practices designed to improve
34 water quality that are proposed by an eligible entity and
35 approved by the authority. "*Project*" includes but is not

1 limited to any of the following:

2 *a.* A project meeting the requirements of part 2 of this
3 subchapter.

4 *b.* A project, operation, or practice undertaken or carried
5 out to address watershed protection, flood prevention, or water
6 quality improvement.

7 *c.* A project meeting the requirements of a sponsor project
8 under section 455B.199.

9 Sec. 7. NEW SECTION. **16.143 Water quality financing**
10 **program.**

11 1. The authority, in cooperation with the department of
12 natural resources and the department of agriculture and land
13 stewardship, shall establish and administer a water quality
14 financing program. The purpose of the program shall be to
15 provide financial assistance to enhance the quality of surface
16 water and groundwater, particularly by providing financial
17 assistance for projects designed to improve water quality
18 by addressing point and nonpoint sources, with a higher
19 prioritization provided to collaborative efforts.

20 2. The authority shall determine the interest rate
21 and repayment terms for loans made under the program, in
22 cooperation with the department of natural resources and
23 the department of agriculture and land stewardship, and the
24 authority shall enter into loan agreements with eligible
25 entities in compliance with and subject to the terms and
26 conditions of the program as described in this part.

27 3. The authority may charge loan recipients fees and assess
28 costs against such recipients necessary for the continued
29 operation of the program. Such fees and costs shall not exceed
30 the costs directly associated with the administration of the
31 program. Fees and costs collected pursuant to this subsection
32 shall be deposited in the appropriate fund or account created
33 in section 16.144.

34 4. The program shall be administered by the authority in
35 accordance with rules adopted by the authority pursuant to

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1 chapter 17A.

2 Sec. 8. NEW SECTION. 16.144 Water quality financing program
3 fund — appropriation — other funds.

4 1. *a.* A water quality financing program fund is created
5 and shall consist of appropriations made to the fund, moneys
6 credited to the fund pursuant to section 16.134A, and transfers
7 of interest, earnings, and moneys from other funds as provided
8 by law. The fund shall be administered by the authority as
9 a revolving fund. Moneys in the fund are appropriated to
10 the authority for purposes of the program. Notwithstanding
11 section 8.33, moneys in the fund that remain unencumbered or
12 unobligated at the close of a fiscal year shall not revert
13 but shall remain available for expenditure for the purposes
14 designated. Notwithstanding section 12C.7, subsection 2,
15 interest or earnings on moneys in the fund shall be credited
16 to the fund.

17 *b.* The authority shall use the moneys in the fund to provide
18 financial assistance to eligible entities under the program.
19 The authority may provide financial assistance in the form
20 deemed most convenient for the efficient financing of projects,
21 including loans, forgivable loans, or grants. The authority
22 shall administer the fund and the program in such a manner
23 as to provide a permanent source of water quality project
24 financial assistance to eligible entities.

25 *c.* The authority may annually use an amount of not more
26 than one percent of the moneys in the fund for administrative
27 purposes.

28 2. *a.* The authority may establish and maintain other
29 funds and accounts determined to be necessary to carry out the
30 purposes of the program and shall provide for the funding,
31 administration, investment, restrictions, and disposition of
32 the funds and accounts.

33 *b.* Moneys appropriated to and used by the authority for
34 purposes of paying the costs and expenses associated with
35 the administration of the program shall be administered as

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1 determined by the authority.

2 c. All moneys transferred to the authority for purposes of
3 the program shall be deposited and held in a fund or account
4 established and maintained pursuant to this section.

5 3. The funds or accounts held by the authority, or a trustee
6 acting on behalf of the authority pursuant to a trust agreement
7 related to the program, shall not be considered part of the
8 general fund of the state, are not subject to appropriation for
9 any other purpose by the general assembly, and in determining
10 a general fund balance shall not be included in the general
11 fund of the state, but shall remain in the funds and accounts
12 maintained by the authority or trustee pursuant to a trust
13 agreement. Funds and accounts held by the authority, or a
14 trustee acting on behalf of the authority pursuant to a trust
15 agreement related to the program, are separate dedicated funds
16 and accounts under the administration and control of the
17 authority and subject to section 16.31.

18 4. By October 1, 2018, and by October 1 of each year
19 thereafter, the authority shall submit a report to the governor
20 and the general assembly itemizing expenditures from the fund,
21 if any, during the previous fiscal year.

22 Sec. 9. NEW SECTION. 16.145 Eligible entities — agreements
23 required.

24 1. An eligible entity may apply to the authority for
25 financial assistance under the program by submitting a plan
26 that meets the following requirements:

27 a. The plan includes one or more projects that improve
28 water quality in the local area or watershed. Projects shall
29 use practices identified in the latest version of the document
30 entitled "Iowa Nutrient Reduction Strategy" initially presented
31 in November 2012 by the department of agriculture and land
32 stewardship, the department of natural resources, and Iowa
33 state university of science and technology. A drainage or
34 levee district established under chapter 468 shall utilize the
35 installation of edge-of-field infrastructure as described in

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1 section 466B.43.

2 *b.* The plan describes in detail the manner in which the
3 projects will be financed and undertaken, including, as
4 applicable, the sources of revenue directed to financing the
5 improvements as well as the eligible entities that will be
6 receiving the revenues and how such revenues will be spent on
7 the projects.

8 2. The authority shall review and approve or deny
9 applications for financial assistance. The provision of
10 financial assistance under the program shall take into account,
11 as applicable, the number of municipalities, landowners, public
12 utilities, rural water districts, or rural water associations
13 comprising an eligible entity and the eligible entity's
14 financing capacity. The authority shall score applications
15 for financial assistance according to rules adopted pursuant
16 to this part. The authority shall only provide financial
17 assistance to eligible entities that have sufficient financing
18 capacity and that submit an appropriate plan designed to
19 improve water quality.

20 3. An approved eligible entity shall enter into an agreement
21 with the authority for the provision of financial assistance.
22 The agreement shall include standard terms for the receipt
23 of program moneys and any other terms the authority deems
24 necessary or convenient for the efficient administration of the
25 program.

26 Sec. 10. Section 423.3, Code 2017, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 103. *a.* The sales price from the sale or
29 furnishing by a water utility of a water service in the state
30 to consumers or users.

31 *b.* For purposes of this subsection:

32 (1) "*Water service*" means the delivery of water by piped
33 distribution system.

34 (2) "*Water utility*" means a public utility as defined in
35 section 476.1 that furnishes water by piped distribution system

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1 to the public for compensation.

2 Sec. 11. NEW SECTION. 423G.1 Short title.

3 This chapter may be cited as the "*Water Service Tax Act*".

4 Sec. 12. NEW SECTION. 423G.2 Definitions.

5 1. All words and phrases used in this chapter and defined in
6 section 423.1 have the same meaning given them by section 423.1
7 for purposes of this chapter.

8 2. As used in this chapter, "*water service*" and "*water*
9 *utility*" mean the same as defined in section 423.3, subsection
10 103.

11 Sec. 13. NEW SECTION. 423G.3 Water service tax.

12 An excise tax at the rate of six percent is imposed on the
13 sales price from the sale or furnishing by a water utility of a
14 water service in the state to consumers or users.

15 Sec. 14. NEW SECTION. 423G.4 Exemptions.

16 The sales price from transactions exempt from state sales
17 tax under section 423.3, except section 423.3, subsection 103,
18 is also exempt from the tax imposed by this chapter.

19 Sec. 15. NEW SECTION. 423G.5 Administration by director.

20 1. The director of revenue shall administer the water
21 service tax as nearly as possible in conjunction with the
22 administration of the state sales and use tax law, except that
23 portion of the law that implements the streamlined sales and
24 use tax agreement. The director shall provide appropriate
25 forms, or provide on the regular state tax forms, for reporting
26 water service tax liability.

27 2. The director may require all persons who are engaged
28 in the business of deriving any sales price or purchase
29 price subject to tax under this chapter to register with
30 the department. The director may also require a tax permit
31 applicable only to this chapter for any retailer not
32 collecting, or any user not paying, taxes under chapter 423.

33 3. Section 422.25, subsection 4, sections 422.30, 422.67,
34 and 422.68, section 422.69, subsection 1, sections 422.70,
35 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection

1 1, and sections 423.23, 423.24, 423.25, 423.31 through
2 423.35, 423.37 through 423.42, and 423.47, consistent with the
3 provisions of this chapter, shall apply with respect to the tax
4 authorized under this chapter, in the same manner and with the
5 same effect as if the excise taxes on the sale or furnishing of
6 a water service were retail sales taxes within the meaning of
7 those statutes. Notwithstanding this subsection, the director
8 shall provide for quarterly filing of returns and for other
9 than quarterly filing of returns both as prescribed in section
10 423.31. All taxes collected under this chapter by a retailer
11 or any user are deemed to be held in trust for the state of
12 Iowa.

13 Sec. 16. NEW SECTION. **423G.6 Deposit of revenues.**

14 1. All moneys received and all refunds shall be deposited in
15 or withdrawn from the general fund of the state.

16 2. Subsequent to the deposit in the general fund of the
17 state, the department shall transfer the following amounts to
18 the following funds:

19 a. For revenues collected on or after July 1, 2018, but
20 before August 1, 2019, one-twelfth of the revenues to the
21 water quality infrastructure fund created in section 8.57B,
22 and one-twelfth of the revenues to the water quality financial
23 assistance fund created in section 16.134A.

24 b. For revenues collected on or after August 1, 2019,
25 but before August 1, 2020, one-sixth of the revenues to the
26 water quality infrastructure fund created in section 8.57B,
27 and one-sixth of the revenues to the water quality financial
28 assistance fund created in section 16.134A.

29 c. For revenues collected on or after August 1, 2020,
30 one-half of the revenues to the water quality financial
31 assistance fund created in section 16.134A.

32 Sec. 17. NEW SECTION. **423G.7 Future repeal.**

33 This chapter is repealed upon the occurrence of one of the
34 following, whichever is earlier:

35 1. The enactment date that the tax rate for the sales

1 tax imposed upon the retail sales price of tangible personal
2 property and the furnishing of enumerated services sold in this
3 state in effect on July 1, 2016, is increased.

4 2. July 1, 2029.

5 Sec. 18. Section 455B.171, Code 2017, is amended by adding
6 the following new subsections:

7 NEW SUBSECTION. 10A. "*Iowa nutrient reduction strategy*"
8 means a water quality initiative developed and updated by the
9 department of agriculture and land stewardship, the department
10 of natural resources, and the college of agriculture and life
11 sciences at Iowa state university of science and technology in
12 order to assess and reduce nutrients in this state's watersheds
13 that utilize a pragmatic, strategic, and coordinated approach
14 with the goal of accomplishing reductions over time.

15 NEW SUBSECTION. 15A. "*Nutrient*" means total nitrogen and
16 total phosphorus.

17 Sec. 19. Section 455B.171, subsection 19, Code 2017, is
18 amended to read as follows:

19 19. "*Point source*" means any discernible, confined, and
20 discrete conveyance, including but not limited to any pipe,
21 ditch, channel, tunnel, conduit, well, discrete fissure,
22 container, rolling stock, concentrated animal feeding
23 operation, or vessel or other floating craft, from which
24 pollutants are or may be discharged. "Point source" does not
25 include agricultural storm water discharge and return flows
26 from irrigated agriculture.

27 Sec. 20. Section 455B.177, Code 2017, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 3. The general assembly further finds
30 and declares that it is in the interest of the people of Iowa
31 to assess and reduce nutrients in surface waters over time by
32 implementing the Iowa nutrient reduction strategy. To evaluate
33 the progress achieved over time toward the goals of the Iowa
34 nutrient reduction strategy and the United States environmental
35 protection agency gulf hypoxia action plan, the baseline

1 condition shall be calculated for the time period from 1980 to
2 1996.

3 Sec. 21. Section 466B.3, subsection 3, paragraph c, Code
4 2017, is amended to read as follows:

5 c. Whether the funds, programs, and regulatory efforts
6 coordinated by the council eventually result in a long-term
7 improvement to the quality of surface water in Iowa. To
8 evaluate the progress achieved over time toward the goals of
9 the Iowa nutrient reduction strategy, as defined in section
10 455B.171, and the United States environmental protection agency
11 gulf hypoxia action plan, the baseline condition shall be
12 calculated for the time period from 1980 to 1996.

13 Sec. 22. Section 466B.42, Code 2017, is amended to read as
14 follows:

15 **466B.42 Water quality initiative.**

16 The division shall establish a water quality initiative
17 in order to assess and reduce nutrients in this state's
18 watersheds, including subwatersheds, and regional watersheds,
19 and for implementing its responsibilities under the Iowa
20 nutrient reduction strategy as defined in section 455B.171.
21 The division shall establish and administer projects to
22 reduce nutrients in surface waters from nonpoint sources in
23 a scientific, reasonable, and cost-effective manner. The
24 division shall utilize a pragmatic, strategic, and coordinated
25 approach with the goal of accomplishing reductions over time.
26 To evaluate the progress achieved over time toward the goals
27 of the Iowa nutrient reduction strategy and the United States
28 environmental protection agency gulf hypoxia action plan, the
29 baseline condition shall be calculated for the time period from
30 1980 to 1996.

31 Sec. 23. NEW SECTION. **466B.43 Water quality agriculture**
32 **infrastructure programs.**

33 1. As part of the water quality initiative established
34 pursuant to section 466B.42, the division shall administer
35 water quality agriculture infrastructure programs created in

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1 this section.

2 2. The purpose of the programs is to support projects for
3 the installation of infrastructure, including conservation
4 structures, practices, or other measures that reduce
5 contributing nutrient loads, associated sediment, or
6 contaminants from sources to surface waters. The programs
7 shall be administered in a manner that is consistent with
8 the latest version of the "Iowa Nutrient Reduction Strategy"
9 initially presented in November 2012 by the department of
10 agriculture and land stewardship, the department of natural
11 resources, and Iowa state university of science and technology.

12 3. An edge-of-field infrastructure program is created.
13 The program shall support projects located on agricultural
14 land, which may include demonstration projects, that capture
15 or filter nutrients entering into a surface water. The
16 program's projects shall be limited to infrastructure designed
17 and installed for use over multiple years, including but not
18 limited to wetlands, bioreactor systems, saturated buffers,
19 or land use changes. The program shall be financed on a
20 cost-share basis.

21 4. An in-field infrastructure program is created. The
22 program shall support projects located on agricultural land,
23 which may include demonstration projects, that decrease erosion
24 and precipitation-induced surface runoff, increase water
25 infiltration rates, and increase soil sustainability. The
26 program's projects shall be limited to infrastructure designed
27 and installed for use over multiple years, including but not
28 limited to structures, terraces, and waterways located on
29 cropland or pastureland, and including but not limited to soil
30 conservation or erosion control structures or managed drainage
31 systems. The program shall be financed on a cost-share basis.

32 5. Any state moneys used to finance a project under a
33 water quality agriculture infrastructure program shall be
34 administered according to an agreement entered into by the
35 division and the owner of the land where the infrastructure

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1 is to be installed. The agreement shall include standard
2 terms and conditions for the receipt of program moneys and
3 any other terms and conditions the division deems necessary
4 or convenient for the efficient administration of the project
5 or program. The division may support multiple installations
6 of infrastructure on a single parcel of land. The division
7 may also combine programs if cost effective. The division
8 may annually use an amount of not more than four percent of
9 the moneys used to support each program for administrative
10 purposes.

11 6. By October 1, 2018, and each October 1, thereafter, the
12 division shall submit a report to the governor and the general
13 assembly itemizing expenditures, by hydrologic unit code 8
14 watershed, under the programs during the previous fiscal year,
15 if any.

16 7. Any information obtained by the division identifying
17 a person holding a legal interest in agricultural land or
18 specific agricultural land shall be a confidential record under
19 section 22.7.

20 Sec. 24. NEW SECTION. **466B.44 Water quality urban**
21 **infrastructure program.**

22 1. As part of the water quality initiative established
23 pursuant to section 466B.42, the division shall administer a
24 water quality urban infrastructure program.

25 2. The purpose of the program is to support watershed
26 projects and advance implementation of the latest version of
27 the "Iowa Nutrient Reduction Strategy" initially presented
28 in November 2012 by the department of agriculture and land
29 stewardship, the department of natural resources, and Iowa
30 state university of science and technology, which program
31 support may include demonstration projects that decrease
32 erosion, precipitation-induced surface runoff, and storm
33 water discharges and that increase water infiltration rates.
34 The program's projects shall be based on Iowa's storm water
35 management manual published by the department of natural

1 resources.

2 3. The program shall be financed on a cost-share basis or
3 through cooperative agreements with watershed projects funded
4 through section 455B.199 whose project activities fall outside
5 the territorial boundaries of a city.

6 4. Any state moneys used to finance a project under a water
7 quality urban infrastructure program shall be administered
8 according to an agreement entered into by the division and the
9 owner of the land where the infrastructure is to be installed.
10 The agreement shall include standard terms and conditions
11 for the receipt of program moneys and any other terms and
12 conditions the division deems necessary or convenient for
13 the efficient administration of the project or program. The
14 division may support multiple installations of infrastructure
15 on a single parcel of land. The division may annually use an
16 amount of not more than four percent of the moneys used to
17 support the program for administrative purposes.

18 5. Notwithstanding any other provision in this section
19 to the contrary, beginning on July 1, 2018, the division may
20 use any amount available to support the water quality urban
21 infrastructure program to instead extend and support the
22 three-year data collection of in-field agricultural practices
23 project as enacted in 2015 Iowa Acts, ch. 132, §18.

24 6. Notwithstanding any other provision of this section
25 to the contrary, the division may use any amount available
26 to support the water quality urban infrastructure program to
27 develop and maintain an online resource displaying measurable
28 indicators of desirable change in water quality within the
29 state's watersheds. These measurable indicators may include
30 but are not limited to public and private funding inputs,
31 involvement in water quality projects, and improvements, land
32 use, practice adoption, calculated load reduction, and measured
33 loads at existing monitoring stations.

34 7. By October 1, 2018, and by October 1 of each year
35 thereafter, the division shall submit a report to the governor

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1 and the general assembly itemizing expenditures under the
2 program, if any, during the previous fiscal year.

3 8. Any information obtained by the division identifying a
4 person holding a legal interest in land or specific land shall
5 be a confidential record under section 22.7.

6 Sec. 25. INTERIM STUDY COMMITTEE ON SMALL CITIES AND CLEAN
7 WATER STANDARDS.

8 1. The legislative council is requested to establish a study
9 committee for the 2017 interim to identify and comprehensively
10 review the financial and other challenges faced by small
11 cities in complying with the various state and federal clean
12 water standards, and to consider options for addressing those
13 challenges.

14 2. The interim committee's review shall include an
15 evaluation of the future effectiveness of the wastewater
16 and drinking water treatment financial assistance program
17 created in this Act in section 16.134 and the water quality
18 financing program created in sections 16.142 through 16.145,
19 and may include evaluations of other existing or proposed
20 state programs as desired. The committee shall seek input
21 and may request information or assistance from public and
22 private stakeholders and experts, including utility management
23 organizations, the Iowa association of business and industry,
24 the department of natural resources, the Iowa finance
25 authority, the department of agriculture and land stewardship,
26 the economic development authority, the Iowa chamber alliance,
27 the Iowa league of cities, and the Iowa state association of
28 counties.

29 3. The interim committee shall submit its findings and
30 recommendations to the general assembly for consideration
31 during the 2018 legislative session.

32 Sec. 26. LEGISLATIVE INTENT. It is the intent of the
33 general assembly that the amendment in this Act to the
34 definition of point source in section 455B.171, subsection
35 19, is a conforming amendment consistent with current state

1 and federal law, and that the amendment does not change the
2 application of current law but instead reflects current law
3 both before and after the enactment of this Act.

4 Sec. 27. EFFECTIVE DATE. The following provision or
5 provisions of this Act take effect July 1, 2018:

6 1. The section of this Act enacting section 423.3,
7 subsection 103.

8 2. The sections of this Act enacting sections 423G.1,
9 423G.2, 423G.3, 423G.4, 423G.5, 423G.6, and 423G.7.>

10 2. Title page, by striking lines 1 through 9 and inserting
11 <An Act relating to water quality by amending the wastewater
12 treatment financial assistance program, creating a water
13 quality infrastructure fund, establishing a water quality
14 financing program, providing for cost-share programs for
15 infrastructure on agricultural and urban land under the
16 water quality initiative, creating a water service excise
17 tax and a related sales tax exemption, making transfers and
18 appropriations and other changes properly related to water
19 quality, and including effective date provisions.>

BALTIMORE of Boone